

August 1st 2024

EARNINGS CALL

1H24 RESULTS

intercos
GROUP

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Pietro Oriani, the Manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no.58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.

Agenda

**Executive
Summary**

**2Q24 & 1H24
Financials**

**Outlook &
Guidance**

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Executive Summary — Record quarterly sales and EBITDA in 2Q24

2Q24 Net Sales

€278.9m

+9.9% Rep FX vs. 2Q23
+10.2% c.FX vs. 2Q23

2Q24 Adj. EBITDA

€43.2m

+15% or +€5.6m vs. 2Q23
15.5% on Net Sales (+70Bps vs. 2Q23)

30Jun24 Order Book

€346m

+12.5% or +€38m vs. 30Jun23
May-Jun24 Order Entry at +5% vs. LY



For the third consecutive year, EcoVadis, the sustainability rating agency and among the most recognized in the beauty sector, has awarded Intercos the Platinum medal, ranking the Group among the top 1% of companies in terms of ESG performance in the relevant sector.

30Jun24 Net Debt

€114.1m

0.85x Net Debt to LTM Adj. EBITDA ratio
30Jun24 Net Debt excl. IFRS16 at €70.2m

Executive Summary - 2Q24 & 1H24

2Q	€m	2Q24	2Q23	% vs 2Q23	
				Rep FX	c FX
	Revenues	278.9	253.8	9.9%	10.2%
	Adj. EBITDA	43.2	37.5	15.0%	
	Adj. EBITDA %	15.5%	14.8%		

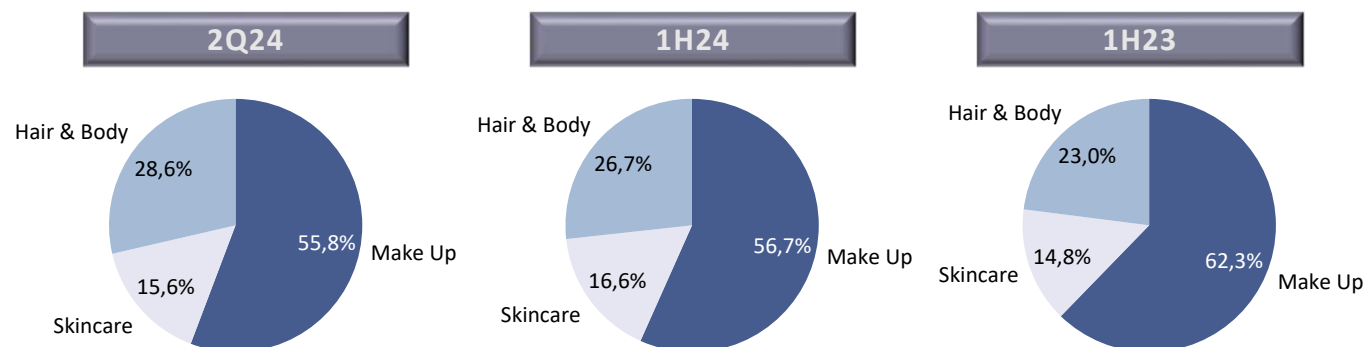
1H	€m	1H24	1H23	% vs 1H23	
				Rep FX	c FX
	Revenues	499.9	488.4	2.4%	3.0%
	Adj. EBITDA	64.0	67.4	(5.0%)	
	Adj. EBITDA %	12.8%	13.8%		
	Adj. Net Income	22.9	26.9	(14.9%)	
	Adj. Net Income %	4.6%	5.5%		
	Net Debt	114.1	122.7		
	Net Debt/Adj. EBITDA	0.85x	0.87x		

Despite 2Q23 tough comps, 2Q24 Net sales increased by +10.2% at c.FX. Adjusted EBITDA growth of +15% allowed to close most of the gap reported in 1Q24.

Strong increase in 2Q24 profitability at 15.5%

2Q24 & 1H24 Financials - Sales Performance – Revenues by BU

Business Units



2Q24 saw the Company come back to its double-digit sales growth pace. This allowed the Group to offset the decline registered in 1Q as a consequence of the heavy impacts of the Cyber-attack. To note that, the long tail of the Cyber-attack consequences also had an impact in the first phase of 2Q, especially for the Make-up Business Unit.

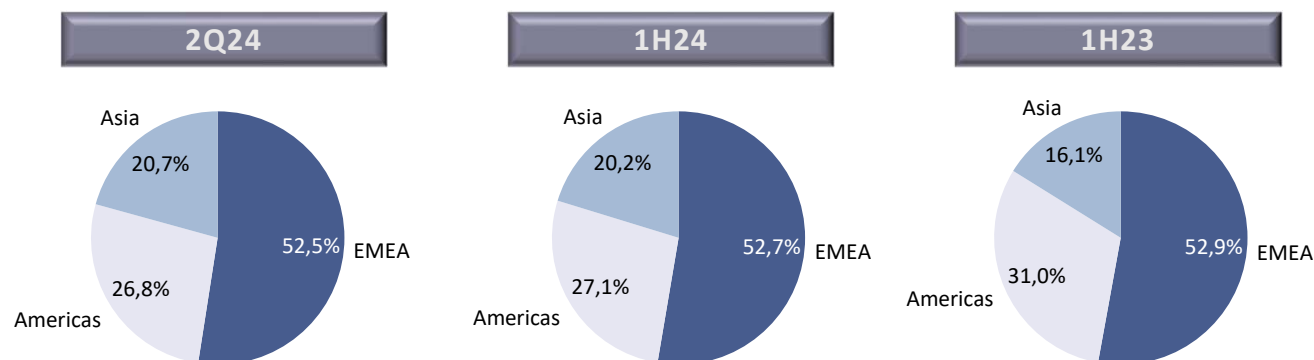
- **Make-up** reported 2Q24 revenues of **€155.5m**, overall in line with year ago high base (+23% vs. 2Q22). This was also the consequence of our inability to properly order raw materials during the Cyber-attack period which slowed down the re-start of production processes. As such, 1H24 landed with revenues at **€283.4m** (-6.8% compared to 1H23). We expect that the excellent trend of 1H24 order-intake, also from prestige customers, will lead to a solid sales come back in 2H24.
- **Skincare** posted solid growth also in 2Q24 (+9.1% vs LY at **€43.6m**), leading to a strong double digit increase in 1H24 with revenues of **€83m**, up by +15.2% compared to 1H23. As for Hair & Body, the after math of the Cyber-attack on Skincare plants was a lot milder than in Make-up, and production flow could go back to a normal pace quite rapidly. The 1H24 increase was driven by the excellent performance of both Emerging Brands and Multinational customers, both in North America and Asia.
- **Hair & Body** recorded exceptional revenues of **€79.8m**, up +38.9% over last year. This led the business unit to a strong first half with sales at **€133.5m** (+19.1% vs. 1H23), mostly driven by European customers.

	€m	2Q24	2Q23	% vs 2Q23
2Q	Revenues	278.9	253.8	10%
	Make Up	155.5	156.4	(1%)
	Skincare	43.6	39.9	9%
	Hair & Body	79.8	57.5	39%

	€m	1H24	1H23	% vs 1H23
1H	Revenues	499.9	488.4	2%
	Make Up	283.4	304.2	(7%)
	Skincare	83.0	72.1	15%
	Hair & Body	133.5	112.1	19%

2Q24 & 1H24 Financials - Sales Performance – Revenues by Region

Regions



2Q24 confirmed the momentum of our Asian business, with both China and Korea continuing to post double digit increases. Also, it marked the strong comeback of Europe which also posted double digit increases. Americas was the only soft spot, still paying the toll of the Cyber-attack plus a softening overall market trend.

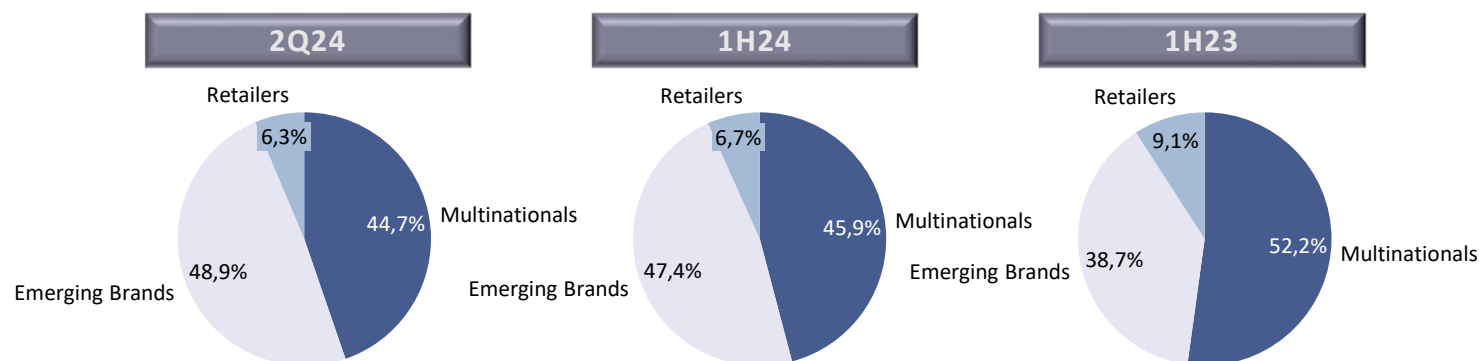
- **EMEA** reported revenues of **€146.3m** in 2Q24, up **+11.5%** compared to 2Q23 also thanks to excellent performances posted by Hair & Body and Emerging Brands. The performance allowed to close 1H24 with sales of **€263.3m**, up by **+2%** vs. 2H23.
- **Americas** was the only Region that didn't report growth in 2Q24, closing with revenues of **€74.9m**, down **-5.2%** compared to 2Q23. 1H24 therefore closed with revenues of **€135.5m**, down **-10.5%** vs. LY, as a result of the significant impact caused by the Cyber-Attack on the production sites serving the area, together with a Beauty market less dynamic than in the past, especially regarding Make-up.
- **Asia** confirmed its excellent performance also in 2Q24, reporting revenues of **€57.7m**, up by **+32.0%** vs. 2Q23, thanks once again to double-digit growth in both China and Korea. 1H24 thus closed with revenues of **€101.1m**, up by **+28.3%** on LY. Excellent performances of both Make-up and Skincare in the area.

	€m	2Q24	2Q23	% vs 2Q23
2Q	Revenues	278.9	253.8	10%
	EMEA	146.3	131.1	12%
	Americas	74.9	78.9	(5%)
	Asia	57.7	43.7	32%

	€m	1H24	1H23	% vs 1H23
1H	Revenues	499.9	488.4	2%
	EMEA	263.3	258.2	2%
	Americas	135.5	151.4	(10%)
	Asia	101.1	78.8	28%

2Q24 & 1H24 Financials - Sales Performance – Revenues by Customer Type

Customer Type



The long tail of the Cyber-attack in the first phase of 2Q, especially for the Make-up Business Unit, had an impact on multinational customers, whose 2Q24 performance didn't allow to close the 1Q24 gap reported. Asian Emerging Brands contributed to the growth of the relative cluster of clients.

- **Multinational** customers closed 2Q24 with revenues of **€124.7m**, in line with the excellent performance of 2Q23 (+22% vs. 2Q22). The performance of this type of customer was affected in 2Q24 by the slowdown in the Make-up production due to inefficiencies in the raw materials procurement process, as well as the softening trend of the US market. 1H24 therefore closed with revenues of **€229.3m**, down by **-10%** on 1H23, reflecting the decrease reported in 1Q24.
- **Emerging Brands** reported significant growth, with 2Q24 net sales of **€136.5m** (+34.2% vs. 2Q23). 1H24 amounted to **€237.1m** (+25.5%). The growth characterized all business units and all geographies, including China, supported by the excellent performance of local brands, both in the mass and prestige segments.
- **Retailers** 2Q24 revenues amounted to **€17.6m**, down by **-28.1%** (or **€33.4m** in 1H24). The weight of business with Retailers is significantly lower than with others (approx. 7% of total Group revenues), therefore short-term performance may be subject to greater volatility. In particular, 1H24 decrease was the consequence of the Cyber-Attack and the financial difficulties of one of the Group's customers (The Body Shop), whose LY contribution to sales was significant in this cluster of clients.

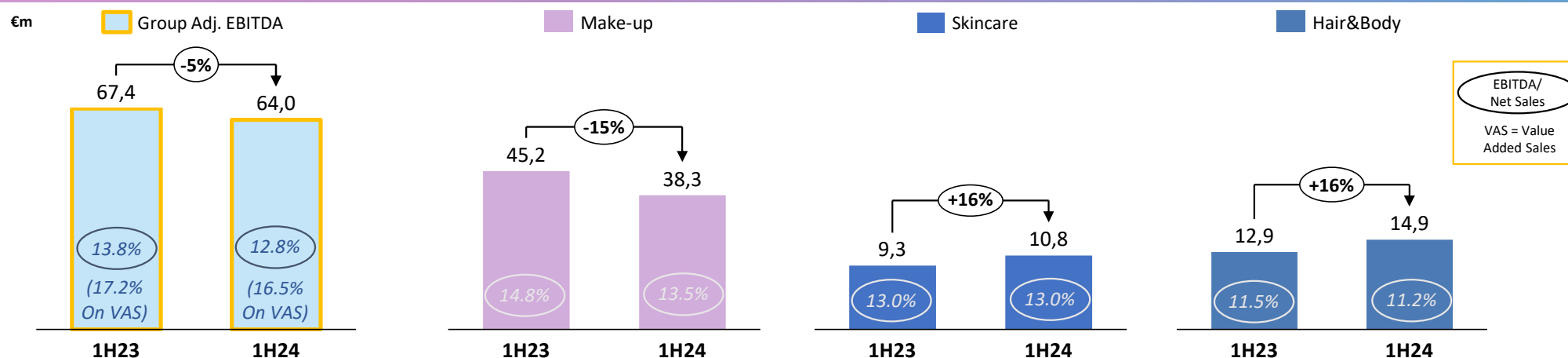
2Q	€m	2Q24	2Q23	% vs 2Q23
	Revenues	278.9	253.8	10%
	Multinationals	124.7	127.6	(2%)
	Emerging Brands	136.5	101.7	34%
	Retailers	17.6	24.5	(28%)
1H	€m	1H24	1H23	% vs 1H23
	Revenues	499.9	488.4	2%
	Multinationals	229.3	254.8	(10%)
	Emerging Brands	237.1	189.0	25%
	Retailers	33.4	44.6	(25%)

2Q24 & 1H24 Financials – P&L

- **1H24 Net Sales** of **€499.9m**, up by **+2.4%** (+3% at constant exchange rates) compared to 1H23, despite 1Q24 was strongly affected by the Cyber-attack (-5.8% vs. 1Q23). The recovery was achieved thanks to **2Q24** growth of **+9.9%**, with Make-up holding the same sales level of 2Q23 which was particularly strong (+22.8% vs. 2Q22), and the growth reported by both Skincare and Hair&Body business units.
- **1H24 Adj. EBITDA** stood at **€64m**, slightly down on last year (-5% or -€3.4m). Strong sales performance and increasing profitability in 2Q24 allowed to recover most of the 1Q24 EBITDA shortfall following the Cyber-attack. **2Q24** reached record levels in both sales and EBITDA, with the latter growing by **+15%** (or **+€5.6m**) compared to 2Q23. 2Q24 EBITDA margin returned well above 15%, reaching **15.5%**, up by **+70Bps** over 2Q23. The increase in profitability was a consequence of (i) higher absorption of costs thanks to the increase in volumes sold and (ii) the first impacts deriving from the rebalancing of the mix of products sold. In the semester, EBITDA margin on value added sales (sales net of the cost of packaging) was equal to **16.5%**, slightly down compared to 1H23 (-72Bps), but with an important recovery posted in 2Q24.
- **1H24 Adj. Net Income** amounted to **€22.9m**, down on last year **-14.9%** (or -€4m) following the decrease in 1Q24 EBITDA and higher D&A and Taxes. In particular, 1H24 Tax rate was temporarily above the one of 1H23 but we expect it will progressively realign to historical levels in 2H24. Net financial charges decreased compared to last year.

€m	1H24	1H23	Var. vs 1H23	% vs 1H23
Net Sales	499.9	488.4	11.5	2.4%
Gross Margin	99.9	100.9	(1.0)	(1.0%)
Gross Margin %	20.0%	20.7%	(67Bps)	
Adj. EBITDA	64.0	67.4	(3.4)	(5.0%)
Adj. EBITDA/Net Sales	12.8%	13.8%	(99Bps)	
Adj. EBITDA/Value Added Sales	16.5%	17.2%	(72Bps)	
EBITDA (*)	58.5	64.8	(6.3)	(9.7%)
EBIT (*)	35.1	42.9	(7.8)	(18.1%)
PBT (*)	30.7	35.6	(5.0)	(13.9%)
Net Income (*)	17.9	25.0	(7.1)	(28.5%)
Adj. Net Income	22.9	26.9	(4.0)	(14.9%)
Adj. Net Income %	4.6%	5.5%	(93Bps)	
(*) Includes non recurring items				

2Q24 & 1H24 Financials – Adjusted EBITDA by BU



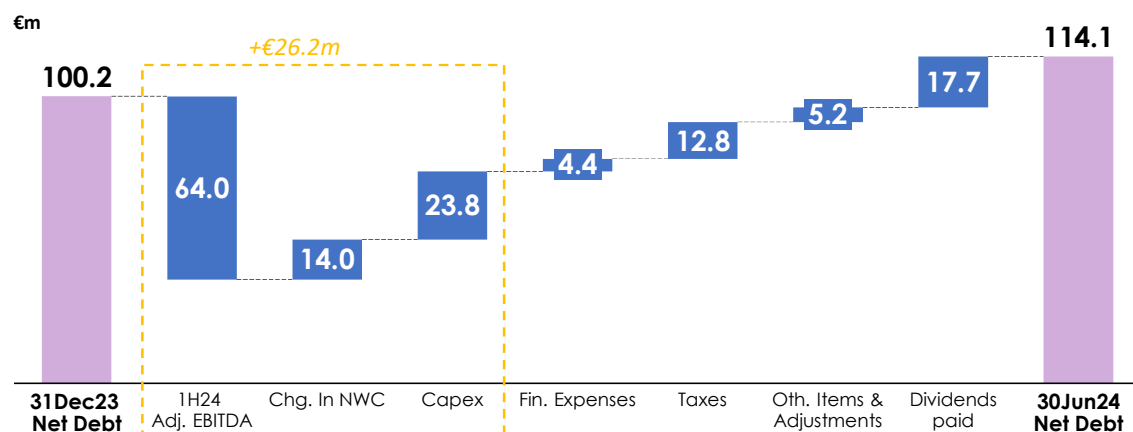
- **1H24 Group Adj. EBITDA** was equal to **€64m**. The performance of **2Q24**, which reported a record EBITDA of **€43.2m**, up by **+15%** compared to 2Q23, allowed the Group to recover most of the one-off contraction reported in 1Q24 due to the Cyber Attack. The excellent performance benefited both from the excellent sales trend and from a marked increase in profitability, with the incidence of 2Q24 Adj. EBITDA on Group net sales at **15.5%**, a material expansion compared to previous quarters, and higher by **+70Bps** vs. 2Q23. The 1H24 Adj. EBITDA on net sales, net of the cost relating to packaging (so-called value added sales), was **16.5%** (vs. 17.2% of 1H23).
- **Make-Up Adj. EBITDA** stood at **€38.3m**, down by **-15%** (or **-€6.9m**) due solely to the Cyber impact of 1Q24. The recovery in 2Q24 was excellent both in absolute EBITDA and marginality, which both increased compared to last year. The progressive improvement of the mix of products sold, together with the good trend in volumes and the improvement in industrial productivity, contributed to such increase in profitability.
- **Skincare Adj. EBITDA** amounted to **€10.8m**, increasing by **+16%** (or **+€1.5m**) vs. 1H23, in line with the growth reported at Net Sales level. Both the Asian and American markets contributed to the expansion of the Business Unit.
- **Hair&Body Adj. EBITDA** stood at **€14.9m**, growing by **+€2m** or **+16%** vs. 1H23. The growth continues, also thanks to the new commercial agreements signed with new customers, combined with a fragrance market that remains dynamic.

2Q24 & 1H24 Financials – Cash Flow & Net Debt

1H24 Operating cash flow amounted to **€23.2m**, up by **+€15.7m** compared to last year. Good management of Trade Working capital allowed to absorb less cash than LY (+€1.8m), despite the significant 1H24 increase in inventories (+€47m), mainly due to the material increase of order book vs. 31Dec23. In addition to this, 1H23 capex were impacted by the one-off renewal of some lease contracts, which according to the IFRS16 accounting principle caused extra capitalizations for €23.5m.

Mainly thanks to the improvement in operating cash flow, **cash flow before dividends** improved by **+€21.5m**, ending the period positive and equal to **€3.8m**.

30Jun24 Net Debt was therefore equal to **€114.1m**, improving by **€8.6m** compared to 30Jun23, with financial leverage remaining essentially unchanged at **0.85x**. 30Jun24 Net Debt excluding the accounting impact deriving from the application of IFRS16, was equal to **€70.2m**, decreasing by €6.3m vs. LY.



€m	1H24	1H23	Var. vs 1H23
Adjusted EBITDA	64.0	67.4	(3.4)
Adjustments (*)	(3.1)	(0.7)	(2.4)
Change in TWC	(22.9)	(24.7)	1.8
Other Chg. in NWC	9.0	14.7	(5.7)
Capex (**)	(23.8)	(49.3)	25.5
Operating Cash Flow	23.2	7.4	15.7
Changes L/T Assets & Liab.	(1.1)	(4.1)	3.0
Fin. Expenses	(4.4)	(7.2)	2.8
Taxes	(12.8)	(10.6)	(2.2)
Chg in Equity & Others	(1.0)	(3.1)	2.1
Cash Flow before Div. Dist.	3.8	(17.6)	21.5
Dividends Distribution	(17.7)	(14.4)	(3.3)
Cash Flow post Div. Dist.	(13.9)	(32.0)	18.1
Net Debt Opening	100.2	90.7	
Net Debt Closing	114.1	122.7	
€m	1H24	1H23	Var. vs 1H23
Net Debt	114.1	122.7	(8.6)
Leverage Ratio (***)	0.85x	0.87x	(0.02x)
Net Debt excl. IFRS16	70.2	76.5	(6.3)

(*) Refers to the cash impact only of the adjustments at EBITDA level (€3.1m out of €5.5m of total 1H24 Adjustments).

(**) Investments also consider the portion of capex deriving from the impact of IFRS16, which following the renewal of some lease contracts, led to an increase in capex of €23.5m in 1H23 (€1.5m in 1H24).

(***) Calculated as Net Debt/Adj. LTM EBITDA

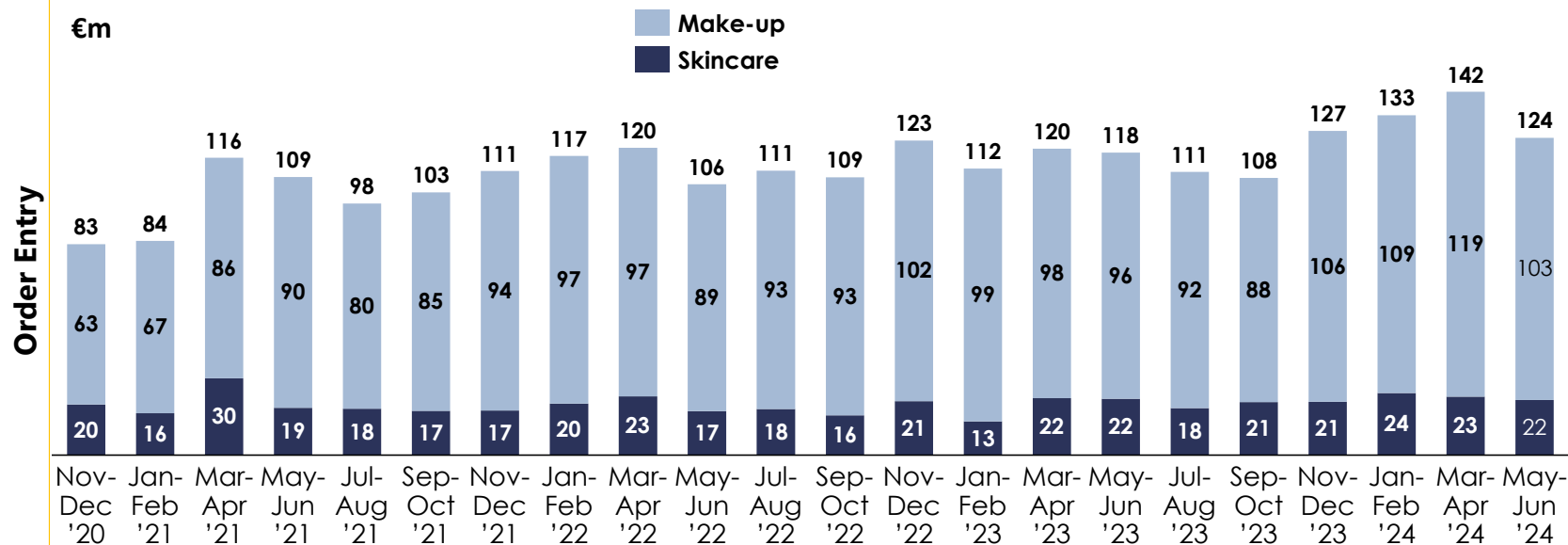
Outlook and Guidance

Topic	Update
Market Overview	<p>The trends of the Beauty market at a global level were so far in line with our expectations:</p> <ul style="list-style-type: none"> (i) EMEA market - we expect will continue to be characterized by good trends, especially for what concerns the prestige segment; (ii) Asia, and particularly China, although the growth of the market in general is rather soft, we think that the expansion of local brands will continue in the medium term: these brands are now more mature and sophisticated than in the past, offering to the local market more innovative products. Also for this reason, they now enjoy greater credibility to the eyes of local consumers, which allows them to position themselves in higher price segments than in the past. In addition, the regulation put in place by the Chinese Government for the introduction of new cosmetic products into the market has become significantly more stringent and it requires deep know-how from producers and formulators, thus significantly raising the barriers to entry for new competitors; (iii) America, and in particular US, recorded fluctuating trends in 1H24, after being supported by a quite significant inflation and being characterized by rather soft volume trends for several months in a row. We see some possibilities of recovery in 2H24, even if private consumption might be penalized during periods preceding Presidential elections.
Where we Stand	<p>In this context, we are confident that our Group will continue its growth trajectory. Order book is significantly higher than last year (+12.5%) and more exposed to prestige customers compared to a year ago. We expect Intercos will continue to benefit from the dynamics of the Chinese market, while we remain optimistic about the growth of South Korea, where the Group's second most important R&D centre is continuing to develop new successful formulations, also for the Western markets. In both countries, we have started plants expansion works. Regarding the Western world, the consolidated relationships with our customers will allow us to continue to benefit from the expansion of outsourcing also underway among Multinationals, while we will continue to collaborate with Emerging Brands, not only in Make-up, but also in Skincare and Hair&Body.</p>
2H24 Guidance	<p>Considering all the above, we confirm the FY24 guidance already communicated at the beginning of the year which sees an increase in sales between +6 and +8% vs. FY23: in particular we expect sales in 2H24 to increase in a range between approx. +10% and +13%, a strong growth compared to 2H23, and well above the expected growth of the beauty market as a whole.</p>

Outlook & Guidance – Order entry and Order in-take

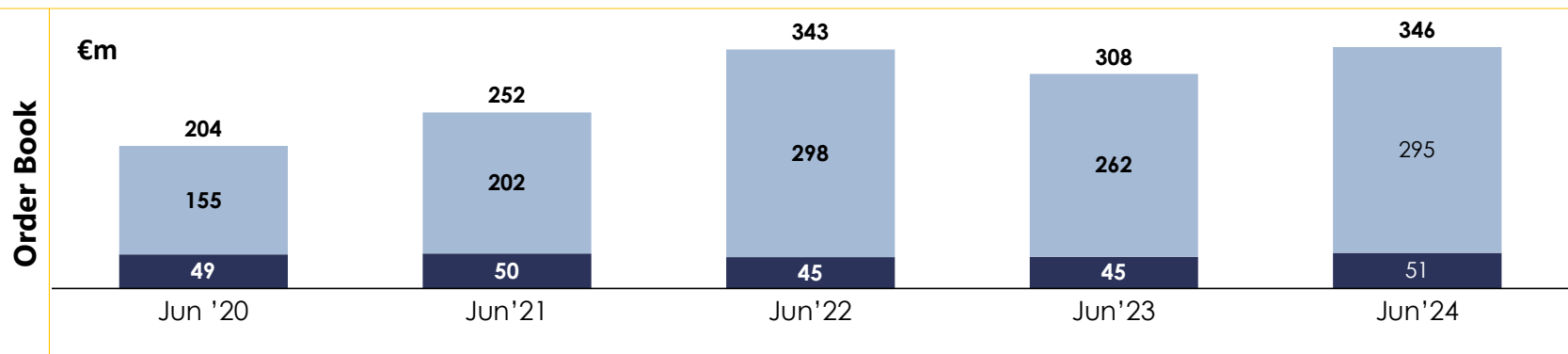
Total firm order-in-take by business unit excluding contract manufacturing (e.g. Hair & Body).

The excellent trend in order-in-take continues, growing compared to the same period 2023 (May-June), after the records posted in the previous six months.



Total firm order book evolution by business unit excluding contract manufacturing business units (e.g. Hair & Body)

New record reached at the end of June24 despite strong 2Q24 sales



Appendix

P&L and Related Adjustments

	1H24	1H23	Var. vs 1H23	% vs 1H23
Net Sales	499.9	488.4	11.5	2.4%
COGS	(400.0)	(387.5)	(12.5)	3.2%
Industrial gross profit	99.9	100.9	(1.0)	(1.0%)
	20.0%	20.7%		
Research & Development and innovation costs	(21.3)	(20.0)	(1.3)	6.6%
Selling expenses	(15.1)	(15.3)	0.2	(1.5%)
General and administrative expenses	(26.2)	(24.4)	(1.8)	7.4%
Other operating income (expenses)	(2.2)	1.7	(3.9)	(232.0%)
Operating Profit (EBIT)	35.1	42.9	(7.8)	(18.1%)
	7.0%	8.8%		
D&A (***)	(23.4)	(21.9)	(1.5)	6.8%
EBITDA	58.5	64.8	(6.3)	(9.7%)
Adjustments (*)	(5.5)	(2.6)	(2.9)	
Adjusted EBITDA	64.0	67.4	(3.4)	(5.0%)
	12.8%	13.8%	0.0	
Financial income (expenses)	(4.4)	(7.2)	2.8	(39.0%)
Profit before taxes (EBT)	30.7	35.6	(5.0)	(13.9%)
Income taxes	(12.8)	(10.6)	(2.2)	20.4%
Net income	17.9	25.0	(7.1)	(28.5%)
Adjustments (**)	(5.0)	(1.9)	(3.1)	
Adjusted Net income	22.9	26.9	(4.0)	(14.9%)

	1H24	1H23
Management Long Term Incentive Plan	(1.0)	(1.8)
One-off costs related to re-organizations (mainly personnel costs and layoff)	(0.5)	(0.5)
Cyber Cost	(2.1)	0.0
Costs for general and legal consultancies	(3.8)	(0.3)
Write-Off Bad Debt Provision related to "The Body Shop" customer	(1.4)	0.0
Sale of asset	3.3	0.0
Adjustments (*) at EBITDA level	(5.5)	(2.6)
Tax impact arising from above adjustments	1.5	0.7
Taxes related to prior year	(1.0)	0.0
Adjustments (**) at Net Income level	(5.0)	(1.9)

(***) All functional areas include amortization which are deducted for the construction of the EBITDA

Balance Sheet and Cash Flow

€m	30Jun24	31Dec23	Var. vs 31Dec23
Tangible Assets	235.9	239.0	(3.1)
Intangible Assets	57.6	56.2	1.5
Goodwill	133.3	134.0	(0.7)
Investments	1.5	1.5	0.0
Deferred tax assets	27.3	25.7	1.6
Other non-current Assets/Liab.	(11.5)	(10.9)	(0.5)
Non-current Assets	444.1	445.4	(1.3)
Inventory	215.6	168.5	47.1
Trade Receivables	171.1	167.7	3.4
Trade Payables	(211.1)	(183.5)	(27.6)
Other current Assets/Liab.	(57.3)	(48.3)	(9.0)
Net Working Capital	118.3	104.4	14.0
Capital Employed	562.4	549.8	12.7
Net Debt	114.1	100.2	13.9
Equity	448.3	449.5	(1.2)

€m	1H24	1H23	Var. vs 1H23
Cash flows provided by (used in) operating activities	32.4	40.4	(8.0)
Cash flows provided by (used in) investing activities	(20.3)	(24.8)	4.4
Cash flows provided by (used in) financing activities	(15.5)	(41.4)	25.8
Net increase (decrease) in cash and cash equivalents	(3.4)	(25.7)	22.3
Dividends distribution	(17.7)	(14.4)	(3.4)
Cash and cash equivalents, at beginning of the year	152.8	183.2	(30.4)
Of which, change in exchange differences	(0.2)	2.6	(2.8)
Cash and cash equivalents, at end of the year	131.9	140.6	(8.7)
Net increase (decrease) in cash and cash equivalents	(21.2)	(40.1)	18.9

Definitions

For the purpose of providing information in line with the performance analysis and control parameters of the Group, non-IFRS alternative performance measures are used by management to provide information for a better assessment of the results of operations and the financial position of the Group as described below. Such performance measures should not be interpreted as a substitute for the conventional performance measures established by IFRS.

The details of the content of the alternative performance measures not arrived at directly from the financial statements are defined as follows:

- **c.FX:** Constant exchange rates
- **EBITDA:** is defined as the sum of profit for the year plus income taxes, financial income and expenses and the effects of the valuation of investments using the equity method net of equity investments held for financial investment purposes and amortization, depreciation and write-downs.
- **Adjusted EBITDA:** is given by EBITDA less items of a non-recurring nature, that is, by particularly significant events that are not in the ordinary course of business or that have no effect on cash flows and/or changes in equity.
- **Adjusted Net income:** is given by Net income less items of a non-recurring nature, that is, by particularly significant events that are not in the ordinary course of business or that have no effect on cash flows and/or changes in equity net of the related tax impacts.
- **Net indebtedness (cash) or net financial position/net debt:** is given by the sum of current and non-current financial payables net of current and non-current financial receivables, including cash and cash equivalents.
- **Order-in-take:** indicates the aggregate of legally placed and processed orders by a company during the reporting period.
- **Order Book:** is the order backlog opened at any one given date.
- **VAS:** Value Added Sales (Net Sales – cost of packaging)